

DEPARTMENT OF DEFENSE



Defense Civilian Personnel Advisory Service

Nonappropriated Fund (NAF) Furlough Questions and Answers

2013

Updated: 13 Mar 2013

QUESTIONS AND ANSWERS ON NAF FURLOUGHS

FURLOUGH - GENERAL ADMINISTRATION

1. What is a furlough and when are furloughs of NAF employees necessary?

A furlough is the placing of a NAF regular employee in a temporary non-duty, non-pay status. A furlough of NAF employees may be necessary to absorb reductions in resources necessitated by downsizing, lack of work, or other budget situations. In non-emergency situations, a furlough is typically a planned event in that the Component has sufficient time to reduce spending and give adequate notice to employees of its specific furlough plan and how many furlough days will be required. A furlough may also occur in emergency situations requiring the curtailment, suspension or shutdown of operations.

2. Are NAF employees affected by furloughs caused by sequestration?

NAF employees are not covered by the requirements and procedures applicable to furloughs of appropriated fund employees under FY13 sequestration. However, if the reduction in appropriated fund resources leads to a curtailment in MWR or exchange business operations, NAF employees may be furloughed for business-based reasons. Furloughs of NAF employees are processed under DoD NAF human resources policies and Component procedures.

WORK STATUS AND NOTIFICATION

3. Which NAF employees may be affected by a furlough?

Each Component has discretion to identify which regular employees will be furloughed and when to schedule furloughs based on its particular needs and mission in accordance with NAF Business Based Action (BBA) procedures, if a furlough is 8 calendar days or more.

4. If a NAF employee is furloughed, how will he or she be notified?

Each Component will determine the method and timing of notifying NAF employees of whether they are affected by a furlough, subject to applicable DoD and Component policy and collective bargaining agreements. Different notification requirements may apply depending on the length of the furlough. The length of a furlough may be on a continuous or discontinuous basis.

5. Is a furloughed NAF employee separated from employment?

No. NAF employees who are furloughed are not separated from NAF employment. They are placed in a temporary non-duty, non-pay status.

QUESTIONS AND ANSWERS ON NAF FURLOUGHS

6. May a NAF employee volunteer to do his or her job in a non-pay basis while furloughed?

No. A NAF employee may not volunteer to do his or her job while furloughed.

7. Who should NAF employees contact for more information about whether they may be furloughed?

NAF employees should contact their supervisor or their human resources office for information about whether they may be furloughed. Bargaining unit employees may also contact their union representatives.

PAY

8. Are furloughed NAF employees entitled to severance pay?

Only NAF employees who are furloughed for more than 60 consecutive days and resign in lieu of accepting the furlough are entitled to severance pay.

9. Are NAF employees who are furloughed eligible to apply for unemployment compensation?

Maybe. Employees who are placed in a non-pay status may be eligible to receive unemployment compensation. Affected employees should be provided with a SF-8 Notice to Federal Employee about Unemployment Insurance and advised to contact the State Public Employment Service Office. For further information, see the Department of Labor website “Unemployment Compensation for Federal Employees” at <http://workforcesecurity.doleta.gov/unemploy/unemcomp.asp>

LEAVE AND OTHER TIME OFF

10. May an employee take paid leave or other forms of paid time off; e.g., annual, sick, court, or military leave, any compensatory time off earned, or time off awards, instead of taking furlough time off?

No. During a furlough a NAF employee may not substitute paid leave or other forms of paid time off for any hours or days designated as furlough time off.

11. What happens if a furloughed employee is scheduled to be on annual or sick leave or in some other pay status during a period designated as furlough time off?

All scheduled leave is canceled during the scheduled furlough time off. An employee who is furloughed may not be placed on annual leave, sick leave or in some other pay status.

QUESTIONS AND ANSWERS ON NAF FURLOUGHS

12. Does a NAF employee continue to accrue annual and sick leave while out on furlough?

No. NAF employees do not accrue annual or sick leave while in a non-pay status.

13. What happens to employees on leave-without-pay (LWOP) under Family Medical Leave Act (FMLA)?

Furloughed employees on LWOP under FMLA continue to be charged LWOP for the period of family medical leave. However, if the employee was scheduled to take paid leave under the FMLA instead of LWOP, the paid leave is cancelled and the employee is placed on furlough. If the paid leave is cancelled, the period of absence may not be used to reduce the 12-week entitlement to FMLA leave.

HEALTH BENEFITS

14. May a NAF employee who is furloughed continue to participate in the NAF Health Benefits Program (HBP)?

Yes. Benefits for medical and dental coverage may be continued up to twelve months, provided the employee pays the required employee share of the premium. NAF employees should contact the servicing NAF Human Resources Office for information and instructions on premium payment procedures.

GROUP LIFE INSURANCE

15. May a NAF employee who is furloughed continue participation in their NAF employer's NAF Group Life Insurance plan?

Yes. Furloughed employees may elect to continue paying life insurance premiums. Group life insurance coverage varies among the Components depending on the provisions of the particular NAF employer's plan. NAF employees should contact the servicing NAF Human Resources Office for information on Group life insurance.

RETIREMENT

16. What happens to an employee's NAF retirement and 401(k) plan during a furlough?

Retirement coverage and provisions vary depending on the NAF employer. Since the Components each offer their own NAF retirement programs, employees in a non-pay

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status should check with their servicing NAF Human Resources Office (or Component NAF contact number below) regarding creditable service and deposit contributions.

Department of Army: 1-855-872-7704 (Updated March 13, 2013)

Department of Air Force: 800-828-3065 or 800-435-9941

Department of Navy (CNIC): 877-414-5358 or 866-827-5672

Navy Exchange Service Command (NEXCOM): 866-639-2363

United States Marine Corps: Contact Your Local NAF Human Resources Office (Updated March 13, 2013)

Army and Air Force Exchange Service (AAFES): 800-508-8466

17. What happens to a NAF employee's 401(k) loan if he or she is furloughed?

The employee is responsible for making loan payments while in a non-pay status in order for the loan not to default. Loan program provisions must meet IRS requirements and vary by sponsoring Component. Questions about individual NAF 401(k) benefits should be addressed to the appropriate NAF Human Resources Office or respective NAF 401(k) plan administrator.

18. What happens to a NAF employee's CSRS/FERS retirement plan (elected following a move from civil service to NAF) while the employee is on furlough?

An employee who made a decision to remain enrolled in CSRS or FERS and TSP is subject to the applicable plan's rules regarding deductions during periods in a non-pay status. Employees should contact their local NAF Human Resource's Office for information. Employees may also refer to the OPM website for specific information about the effect of LWOP on CSRS and FERS retirement benefits:

<http://www.opm.gov/policy-data-oversight/pay-leave/leave-administration/fact-sheets/effect-of-extended-leave-without-pay-lwop-or-other-nonpay-status-on-federal-benefits-and-programs/>

FLEXIBLE SPENDING ACCOUNT (FSA)

19. What happens to a NAF employee's Flexible Spending Account (FSA) during a furlough?

Flexible Spending Account provisions vary among the Components depending on the provisions of the particular NAF plan. NAF employees should contact the servicing NAF Human Resources Office for information.

WORKERS' COMPENSATION

20. What happens to NAF employees who are receiving benefits under Longshore and Harbor Workers' Compensation Act (LHWCA) during a furlough?

Employees who are receiving benefits under workers' compensation must be notified in writing if their position is identified as being furloughed. Workers' compensation benefits continue for eligible employees; however, there is no leave supplement available during a furlough. NAF employees may contact their Component's workers' compensation office for assistance.

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(Updated March 13, 2013)

Department of Air Force: 800-828-3065 or 800-435-9941

Department of Navy (CNIC): 877-414-5358 or 866-827-5672

Navy Exchange Service Command (NEXCOM): 757-440-4579 or 866-878-1776

United States Marine Corps: Contact Your Local NAF Human Resources Office
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Army and Air Force Exchange Service (AAFES): 800-508-8466

LONG TERM CARE (LTC) INSURANCE

21. What happens to a NAF employee's Long Term Care (LTC) insurance coverage during a furlough?

Furloughed employees may elect to continue paying long term care insurance premiums. LTC insurance coverage varies among the Components depending on the provisions of the particular NAF plan. NAF employees should contact the servicing NAF Human Resources Office for information.